

PNB-Nirav Modi Isn't A One-off Case

Better late than never, apt time for banking sector reforms is now

Photo Credit : Reuters,



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by **Dr Sunil Gupta**

If there exists any one issue where India's present dispensation, opposition, media and renowned intellectuals can find a common ground, it is the banking mess. The blame game is on; opposition and BJP-ruled government are finding ways to attribute the USD 2 billion fraud to one another, the Finance Ministry has found RBI - the banking sector regulator - guilty of lack of oversight, while RBI has come out with a seemingly-valid excuse that the Banking Regulation Act doesn't allow the agency to exercise complete control over public sector banks (PSBs).

Every bit cited above is in public domain, so why should I mention them in this piece? Every student of finance comes across an accepted notion that banks are the backbone of any economy. This justifies why we shall be even more worried about instances where banking institutions are defrauded, are not repaid what is owed on due dates and are compelled to approach forums like NCLT.

And for anyone who believes that Indian banking sector has landed in trouble only after it came to light how Nirav Modi, in collusion with Punjab National Bank's Mumbai branch officials, used letters of undertaking (LoU) as a tool to con the institution, she must know that PNB's wilful defaulters list (last updated on 30 January 2018) has more than 1,000 names with INR 25 lakh and above as outstanding in each case (not all can be instances where credit was procured